GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1116
ANSWERED ON:22.07.2016
Contributory Pension Fund
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has information regarding pensioners of Contributory Pension Fund (CPF) scheme in the country;
(b) if so, the details thereof and the present rate of pension of under CPF; and
(c) whether the Government proposes to increase the said rate, if so, the details thereof and if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance
(a) to (c): Government of India introduced the Defined Contribution Pension System for the new entrants to Central/State Government service, except to Armed Forces, replacing the Defined Benefit Pension System. The contributory pension system which is now named the National Pension System (NPS) was notified by the Government of India on 22nd December, 2003 and has been made effective from the 1st January, 2004. The NPS was subsequently extended to all citizens of the country on a voluntary basis w.e.f. 1st May, 2009, including self-employed professionals and workers in the unorganized sector.
All State governments except the State of Tripura and West Bengal have also notified NPS for their employees with effect from the date notified by the respective state governments. The number of subscribers and Asset under Management under NPS is as given below:

Sector	No of Subscribers	Asset under management (Rs. In Crores)
Central Government	16,99,280	53,196.12
State Governments	30,48,502	65,067.35
Corporate	4,99,722	10,677.13
All citizens	2,40,077	1,582.92
NPS Lite/Swavalamban	44,63,211	2,292.58
Total	99,50,792	1,32,816.10

The NPS is a defined contribution pension system and the amount of pension that is payable to the subscriber depends on the accumulated pension wealth in the subscribers account, the percentage of accumulated pension wealth the subscriber has chosen for purchase of an annuity (at least 40%), the type of annuity chosen etc. Therefore, there is no scope for the government to increase the rate of pension.
Further, the Government has framed Employees' Pension Scheme (EPS), 1995 under the Employees' Provident Funds & Miscellaneous Provisions (EPF & MP) Act, 1952. This scheme is applicable to the employees of all factories and establishments to which the EPF & MP Act, 1952 applies. The Scheme is financed by diverting 8.33 per cent out of total 12 per cent employer's share. The Central Government also contributes to the Pension Fund at the rate of 1.16 per cent of the wages of the members up to the statutory wage ceiling.
The rate of pension payable under the scheme is calculated as per the formula prescribed under para-12 of the EPS, 1995. Further, the Government has notified a minimum pension of Rs. 1000/- per month to the pensioners under EPS on 19.08.2014 effective from 01.09.2014 for the year 2014-15. The same has been continued beyond March, 2015 in perpetuity. There is no proposal under consideration of the Government to enhance the minimum pension under EPS, 1995.

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